THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

PROFIT WARNING

This announcement is made by The Sincere Company, Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**Inside Information Provisions**").

Based on the preliminary review of the Group's unaudited management accounts for the 11 months ended 31 January 2019 and other information currently available, the board (the "**Board**") of directors of the Company (the "**Directors**") estimates that the Group will record a significant increase in loss for the year ended 28 February 2019 by not less than 45% as compared with that for the year ended 28 February 2018 (the "**Profit Warning Statement**"). Such increase in loss was mainly attributable to (i) the decrease in gross profit of the department store operations due to the unseasonably warm winter and resulting quiet end-of-year sales period; (ii) the potential impairment on the Group's property, plant and equipment due to the operating losses in department store operations; and (iii) the increase in net realised losses arising from trading in and unrealised losses as a result of mark to market losses in the Group's investment in financial assets through profit and loss.

As the annual results of the Group for the year ended 28 February 2019 are not yet finalised, the information contained in this announcement should only be treated as a preliminary assessment by the Board based on information currently available to the Group. The information contained in this announcement is based only on the Board's preliminary assessment of the unaudited management accounts and other information currently available which have not been audited or reviewed by the auditors of the Group and have not been confirmed by the audit committee of the Board. In particular, the Group has not yet completed the impairment assessment of its assets and therefore has not finalised the amount of impairment and/or reversal of impairment, if any, needed for its assets. Shareholders of the Company (the "**Shareholders**") and potential investors are advised to read carefully the results announcement of the Company for the year ended 28 February 2019 (the "**Annual Results Announcement**") which is expected to be published before 31 May 2019.

The Board also refers to the announcement dated 1 February 2019 (the "**Announcement**") made by the Company and the monthly update announcement dated 1 March 2019 in relation to, among other things, a possible reorganisation of the corporate structure of the Company and certain of its subsidiaries (the "**Reorganisation**"), the contemplation of which may trigger an obligation to make general offers for the shares of the Company and other outstanding securities of the Company under Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As at the date of this announcement, the discussions between the Company and its advisers on the Reorganisation are still on-going, and no agreements have been entered into by the Company with respect to the Reorganisation.

Following the publication of the Announcement, the Company is required to comply with the relevant requirements in the Takeovers Code. Pursuant to Rule 10 of the Takeovers Code, the Profit Warning Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and would need to be reported on by the Company's financial adviser and its auditors or consultant accountants in accordance with Rule 10.4 of the Takeovers Code. Since this announcement is required to be made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions, which requires the Company to issue the profit warning announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the relevant reports as required under Rule 10.4 of the Takeovers Code will be included in the next document to be sent to the Shareholders in compliance with the Takeovers Code, which is expected to be the circular to be issued by the Company in connection with the Reorganisation (the "**Shareholders' Document**") should the Reorganisation proceed. In the event that the Reorganisation proceeds and the Annual Results Announcement is published prior to the despatch of the Shareholders' Document, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning Statement contained in this announcement will be superseded by the publication of the Annual Results Announcement. Otherwise, the Profit Warning Statement contained in this announcement shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Shareholders' Document to be sent to the Shareholders.

Further announcement(s) will be made by the Company regarding the status of the Reorganisation as and when appropriate or required in compliance with the Listing Rules and the Takeovers Code (as the case may be).

WARNING: Shareholders and potential investors in the Company should note that the Profit Warning Statement does not meet the standard required by Rule 10 of the Takeovers Code. There is no assurance that the Reorganisation will materialise or eventually be consummated and, if at all, will it lead to general offers under Rule 26 of the Takeovers Code for the securities of the Company. Shareholders and public investors should exercise extreme caution when dealing in the securities of the Company.

By order of the Board
The Sincere Company, Limited
Philip K H Ma
Chairman & CEO

Hong Kong, 15 March 2019

As at the date of this announcement, the executive Director is Mr Philip K H Ma; the non-executive Director is Mr Charles M W Chan; and the independent non-executive Directors are Mr King Wing Ma, Mr Eric K K Lo, Mr Peter Tan and Mr Anders W L Lau.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts contained in this announcement, the omission of which would make any statement in this announcement misleading.